

THE DIRECTOR OF CENTRAL INTELLIGENCE

WASHINGTON, D.C. 20505

NIC #9159-82  
12 November 1982

National Intelligence Council

NOTE FOR: DDI  
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1. At a recent SIG-IEP meeting on the LDC debt issue Secretary of Commerce Baldrige expressed great concern about the implications of LDC debt problems for US and world trade and for the US economy. He said Commerce was doing a paper on this topic, a copy of which Lionel Olmer sent me at my request. The paper, which is attached, merely introduces the problem. Commerce plans to develop the issue in greater depth and solicits our help.

2. It is apparent that the repercussions of LDC problems for the world economy and for US economic interests will be a priority issue during the coming year or so. CIA has the best international trade data base anywhere, but it is currently not well organized to deal with LDC problems. I have talked to [redacted] about this and believe that a moderate investment in this area could yield large dividends rather quickly. This investment could involve:

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- o Developing an LDC foreign trade data bank, including information on intra-LDC trade, and improving the current industrial country trade data banks to provide more information on trade between them and LDCs.
- o Modeling the interactions between the LDC economies and those of the industrial countries so as to assess the direct and indirect effects of changes in economic conditions and policies in both areas.
- o Preparing specific studies on LDC trade, on industrial country trade with LDCs, and on the economic repercussions of financial problems.

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[redacted]  
Maurice Ernst

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Attachment,  
As stated

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